

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

January 10, 2013

Fatima Sulaiman K&L Gates LLP 1601 K Street NW Washington, DC 20006-1600

Re: Nuveen Intermediate Duration Quality Municipal Term Fund (the "Fund")

File Numbers: 333-185471; 811-22779

Dear Ms. Sulaiman:

We have reviewed the registration statement on Form N-2 for the Fund, filed on December 14, 2012. The filing was made for the purpose of registering Common Shares of the Fund. Based on our review of the registration statement, we have the following comments. The captions used below correspond to the captions the Fund uses in its registration statement. Please note that the comments we give in one section are applicable to other sections of the registration statement that contain similar disclosure, unless otherwise indicated. All capitalized terms not otherwise defined herein have the meaning given to them in the registration statement.

# **PROSPECTUS**

### **Cover Page**

- 1. The first sentence of the paragraph under "Portfolio Contents" states that "[u]nder normal circumstances, the Fund will invest at least 80% of its Managed Assets (as defined on page 5) in municipal securities and other related investments, the income from which is exempt from regular federal income tax." Please state in this paragraph that this policy will require a shareholder vote to change.
- 2. The third sentence of the paragraph under "Portfolio Contents" states that "[u]nder normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities that, at the time of investment, are investment grade quality." Please state in this paragraph that this policy may not be changed without 60 days' prior notice to shareholders.
- 3. The last sentence of the paragraph under "Portfolio Contents" states that "[t]he Fund will maintain a 'levered effective duration' ranging between 3 and 10 years, which takes into account the effects of leverage (the combination of both structural and portfolio leverage) and optional call provisions of the municipal securities in the Fund's portfolio." Please explain in this section or in the Prospectus Summary how leverage and optional call provisions will be taken into account.

## Prospectus Summary (Pages 1 – 19)

- 4. The first sentence of the first paragraph under "Portfolio Contents" states that "[u]nder normal circumstances and as a fundamental policy, the Fund will invest at least 80% of its Managed Assets (as defined on page 5) in municipal securities and other related investments, the income from which is exempt from regular federal income tax." Similar to Comment 1, please state in an appropriate place in this section that this policy will require a shareholder vote to change.
- 5. The third sentence of the first paragraph under "Portfolio Contents" states that "[u]nder normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities that, at the time of investment, are investment grade quality." Similar to Comment 2, please state in an appropriate place in this section that this policy may not be changed without 60 days' prior notice to shareholders.
- 6. The first sentence of the second paragraph under "Portfolio Contents" on page 3 states that "[t]he Fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments that create exposure to municipal bonds, notes and securities and that provide for the payment of interest income that is exempt from regular federal income tax." Will the Fund count investments in derivatives towards satisfaction of the 80% requirement of Rule 35d-1 under the 1940 Act? If yes, please confirm that the Fund counts derivatives based on their market value, rather than their notional value.
- 7. The second to last sentence of the second paragraph under "Portfolio Contents" on page 3 states that the Fund may invest in inverse floating rate securities. Please explain to us how the Fund complies with Section 18 of the 1940 Act with respect to its investments in inverse floating rate securities. If segregation of assets is used, please confirm that the municipal bond contributed by the Fund to the trust as collateral when creating the inverse floating rate security is not used as an asset to cover the Fund's obligation.
- 8. The first sentence of the fifth paragraph under "Portfolio Contents" on page 3 states that "[t]he Fund also may invest in certain derivative instruments in pursuit of its investment objectives." The second sentence states that "[s]uch instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts, or other derivative instruments." Please confirm that the second sentence lists all of the derivatives in which the Fund intends to invest as a principal investment strategy. If the Fund intends to invest in other derivatives as a principal investment strategy, please list these derivatives in this section. See Letter from Barry D. Miller, Associate Director, Office of Legal and Disclosure, Division of Investment Management, to Karrie McMillan, General Counsel, Investment Company Institute, dated July 30, 2010.
- 9. The first sentence of the fourth paragraph under "Leverage" on page 7 states that "[t]he Fund pays a management fee to Nuveen Fund Advisors (which in turn pays a portion of its fee to

Fatima Sulaiman January 10, 2013 Page 3

the Fund's subadviser, Nuveen Asset Management) based on a percentage of Managed Assets." Please confirm to us that the Fund's management fees will not be based on the notional value of derivatives.

- 10. Will any distributions made by the Fund be a return of capital? If so, please state this fact in the section entitled "Distributions" on page 7. Please also explain in this section that a return of capital reduces the shareholder's tax basis, which will result in higher taxes when the shareholder sells his shares. Also note that this may cause the shareholder to pay taxes even if he sells his shares for less than he originally bought them for.
- 11. The second to last sentence of the second paragraph under "Investment Adviser and Subadviser" on page 8 states that "[a]ccording to Morningstar Fundamental Data, Nuveen Investments is the leading sponsor of closed-end funds, with over 115 funds." The last sentence of the second paragraph under "Investment Adviser and Subadviser" on page 8 states that "Nuveen Investments has approximately \$55 billion in closed-end fund assets under management as of September 30, 2012." Please revise this disclosure to include more updated information from Morningstar, if available.

## **Summary of Fund Expenses (Pages 20 – 21)**

12. The first sentence of the second paragraph under "Summary of Fund Expenses" on page 20 states that "[t]he Annual Expenses table below assumes the issuance of Preferred Shares in an aggregate amount equal to []% of the Fund's Managed Assets (assuming an interest rate on Preferred Shares of []%, which is subject to change based on prevailing market conditions), and shows Fund expenses as a percentage of net assets attributable to Common Shares." Please explain to us when and how these numbers will be determined.

### The Fund's Investments (Pages 22 – 33)

- 13. The fifth sentence of the second paragraph under "Investment Objectives and Policies" on page 22 states that "[u]nder normal circumstances and as a fundamental policy, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments, the income from which is exempt from regular federal income tax." Please clarify in this section that this policy may only be changed by vote of the shareholders (or include a cross-reference to the section where this disclosure is made).
- 14. The sixth sentence of the second paragraph under "Investment Objectives and Policies" on page 22 states that "[u]nder normal circumstances and as a non-fundamental policy, the Fund will invest at least 80% of its Managed Assets in municipal securities that, at the time of investment, are investment grade quality." Please state in an appropriate part of this section that this policy may only be changed following 60 days' notice to shareholders.

# Management of the Fund (Pages 47 – 49)

15. The second paragraph under "Nuveen Asset Management – Subadviser" describes Daniel Close's current positions with Nuveen Asset Management. The third paragraph describes Mr. Close's positions with Nuveen Asset Management prior to his current positions. However, there is no indication of when Mr. Close assumed his current positions. Please disclose in this section the dates that Mr. Close assumed his current positions with Nuveen Asset Management.

# Tax Matters (Pages 57 – 60)

16. Please update the sixth and ninth paragraphs under "Tax Matters" on pages 58 and 59 (and any other affected paragraphs) to reflect the current state of the federal tax laws.

# STATEMENT OF ADDITIONAL INFORMATION

# **Portfolio Composition (Pages 8 - 21)**

- 17. The first paragraph under "Limitations on the Use of Futures, Futures Options and Swaps" describes certain amendments to CFTC regulations. Please update this section to reflect the current state of the amendments. Please disclose in this section whether the Fund will comply with amended Regulation 4.5's requirements, or whether Nuveen Fund Advisors or Nuveen Asset Management will register with respect to the Fund as a commodity pool operator with the CFTC.
- 18. The paragraph under "Total Return Swaps" on page 16 indicates that the Fund may engage in transactions involving total return swaps. When the Fund does engage in total return swaps it must set aside an appropriate amount of segregated assets. See generally Investment Company Act Release No. 10666 (Apr. 18, 1979). Please note that the Commission recently issued a concept release exploring issues relating to the use of derivatives by funds, including whether current market practices involving derivatives are consistent with the leverage provisions of the Investment Company Act of 1940. See Investment Company Act Release No. 29776 (Aug. 31, 2011). Accordingly, please be aware that the Commission or its staff could issue future guidance related to derivatives (such as total return swaps) and leverage, including guidance related to coverage requirements, which could impact the manner in which the Fund operates.

#### Portfolio Transactions and Brokerage (Page 46)

19. Please either confirm to us that the Fund does not execute any commission based trades or state in this section whether persons acting on behalf of the Fund are authorized to pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction because of the value of brokerage or research services provided by the broker. If applicable, please also explain that research services furnished by brokers through

Fatima Sulaiman January 10, 2013 Page 5

whom the Fund effects securities transactions may be used by the Investment Adviser in servicing all of its accounts and that not all the services may be used by the Investment Adviser in connection with the Fund; or, if other policies or practices are applicable to the Fund with respect to the allocation of research services provided by brokers, concisely explain the policies and practices. <u>See</u> Instructions 3 and 4 to Item 21.3. of Form N-2.

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You are reminded that the burden of full and fair disclosure rests with each registrant, its counsel, and others engaged in the preparation of the registration statement. As a matter of law, this burden cannot be shifted to the Commission or its staff.

Notwithstanding our comments, please furnish a letter with respect to the Fund acknowledging that:

- the Fund is responsible for the adequacy and accuracy of the disclosure in its filings;
- should the Commission or the staff, acting pursuant to delegated authority, declare the filing effective, it does not foreclose the Commission from taking any action with respect to the filing;
- the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, does not relieve the Fund from full responsibility for the adequacy and accuracy of the disclosure in the filings; and
- the Fund may not assert this action as a defense in any proceeding initiated by the Commission or any person under the Federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide the staff in connection with our review of your filing or in response to our comments on your filing.

We will consider a written request for acceleration of the effective date of the registration statements as confirmation that those requesting acceleration are aware of their respective responsibilities.

Please respond to this letter in the form of a pre-effective amendment for the Fund. Please respond to all comments in this letter in a letter filed in the form of EDGAR correspondence. Where no changes will be made in response to a comment, please so state in your letter and explain the basis for your position. The staff may have further comments after reviewing your responses.

Fatima Sulaiman January 10, 2013 Page 6

Any questions you may have regarding the above-referenced filings or this letter may be directed to the undersigned at (202) 551-6773.

Sincerely yours,

Kieran G. Brown Senior Counsel